

High Desert Financial, Inc.

Michael Schubarth

Notice of Intent to Invoke Administrative Sanctions

DATE: April 18, 2002 RESPONDENTS: High Desert Financial, Inc. ("HDFI") of Minden, Utah and Michael Schubarth ("Schubarth") of Minden, Utah

ALLEGATIONS: Unlawful Acts in Connection with the Offer or Sale of Securities

ORDER: The Commissioner alleges that HDFI and Schubarth offered and sold securities in the form of a promissory note to an investor from Scott City, Kansas. The renewable promissory note program carried a maturity term of one month with a promised return of 10% per month or 120% annually. The investor never received his principal or promised return. The Commissioner further alleges that HDFI and Schubarth omitted and misrepresented material facts to the investor such as previous bankruptcies, federal and state tax liens and that a similar note program offered by HDFI and Schubarth had failed in Utah.

Consent Order of Sanctions

DATE: January 30, 2003 RESPONDENTS: High Desert Financial, Inc. ("HDFI") and Michael Schubarth ("Schubarth")

ALLEGATIONS: Securities fraud, unregistered broker-dealer or agent, and unregistered securities

ORDER: The Commissioner alleged that HDFI and Schubarth offered and sold securities in the form of a promissory note to an investor from Scott City, Kansas. The renewable promissory note program carried a maturity term of one month with a promised return of 10% per month or 120% annually. The investor never received his principal or promised return. The Commissioner further alleged that HDFI and Schubarth omitted and misrepresented material facts to the investor such as previous bankruptcies, federal and state tax liens and that a similar note program offered by HDFI and Schubarth had failed in Utah.

Without admitting or denying the allegations, the respondents were ordered by the Commissioner to pay restitution to the Kansas resident in the amount of \$10,000 and cease and desist from further violations of the Kansas Securities Act.

Notice to Investors: If you are not a resident of Kansas and have been affected by actions that are similar to those described in this synopsis, you should consider contacting your state securities regulator for assistance. To locate your securities regulator, go to the [North American Securities Administrators Association](http://www.nasaa.org) website. If you choose to contact your state securities regulator, please inform him or her of the action taken by the State of Kansas.